

CANADA STEAMSHIP LINES

LIMITED

ANNUAL REPORT
1925

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CANADA STEAMSHIP LINES LIMITED

To the Stockholders:

TRAFFIC and business conditions generally on the Great Lakes and the St. Lawrence River showed some improvement during 1925, and it affords your Directors pleasure to place before you the result of your Company's operations under these improved conditions, combined with more economical operation—promise of which was given in the last Annual Report.

The tonnage of Bulk Freight carried was somewhat lower than in 1924—principally due to the lower water levels available, but this was offset by additional revenue from other Divisions on which traffic was not dependent on such water levels—this despite unusually severe weather during the months of October and November.

Further reductions were made in the Operating Expenses of all Agencies and Divisions as also in the item of General Expense, effecting a total saving in this direction of \$611,460.00. Substantial savings were effected in the operation of the Company's Hotels on the Lower St. Lawrence, resulting in the most satisfactory season since the inception of this Service. Construction of the new Golf Course has been completed and all payments in connection therewith have been made. These properties have developed a large volume of new traffic.

All reserves for Depreciation, bad debts and outstanding liabilities have been amply maintained. The net profit for the year being \$802,841.73 as compared with \$143,818.99 for the year 1924.

The sum of \$87,000.00 has been reserved for Income-tax, leaving a net income for the year of \$715,841.73.

Satisfactory progress has been made with regard to the Company's cash position—the improvement amounting to approximately one million dollars, with a corresponding increase in the net Working Capital position.

The satisfactory record made in 1924 when the Company's operations were conducted without borrowing funds from any source was maintained throughout 1925, and the present position is such that all of the Company's vessels and properties can be placed in commission and operated throughout the entire season with the cash reserves which are now available.

Particular attention has been given to the matter of Adjusted Losses due by Underwriters and Insurance and other Claims—a further reduction of \$225,000.00 being secured on these two items as compared with 1924—or a total reduction as compared with 1921 of \$1,800,000.00.

The Ocean Steamers "ESSEX COUNTY" AND "WELLAND COUNTY" have been sold during the year at satisfactory prices, and the Company's participation in the Capital Stock of the Intercontinental Transport Services, Limited, has been disposed of without loss—while advantageous traffic agreements for the handling of Import and Export package freight have been arranged.

The two new package freight steamers—the construction contract for which was placed with the Davie Shipbuilding and Repairing Company, Ltd., at Quebec, early in 1925—are practically complete and will be ready for delivery at the opening of the 1926 season. 90% of the contract price of these steamers was paid to the Davie Shipbuilding and Repairing Company, Limited, as at December 31, 1925, and payment will be completed upon delivery. The outstanding notes amounting to \$226,000.00 on the steamers "LETHBRIDGE" and "KAMLOOPS," which were referred to in the 1924 Report to Shareholders, and reduced to \$193,654.40 in the 1925 Balance Sheet, have since been paid.

Further improvements in the package freight services have been secured, and on the recommendation of your Officers and with the approval of your Board, contracts for two additional package freight steamships of full Welland Canal size have been placed with the Davie Company at prices which compare favorably with those of competitive builders of the highest class. These two new steamers, in the construction of which Canadian labour and material is being used, wherever possible, will be completed and placed in commission not later than August, 1926.

The figures covering the Company's operations to date for 1926 indicate plainly that the policy of economy is being maintained, and it is expected that further satisfactory progress in this direction will be made, while with the brighter prospects throughout Canada and with the business already closed, it is conservatively predicted that a general betterment of the Company's position may be anticipated.

In pursuance of the conservative policy, which has obtained during recent years of writing off and disposing of unprofitable assets, your Officers have recommended and your Board of Directors have approved certain modifications of the form of the Company's Balance Sheet. The elimination of the item of good will which has been carried at a value in excess of \$8,000,000.00 since the formation of the Company is the most important of the suggested changes.

In order to offset the effect of such elimination, shareholders will be asked to pass a Resolution amending the Company's Charter, so that the Common Shares will thereafter be shares without any nominal or par value, but such amendment will not in any way affect the status and rights of the holders of the Common Shares as regards the Company, and a special general meeting will be convened for the consideration and approval of such amendment immediately following the Annual General Meeting which has been called for April 30th, 1926.

On March 10th, 1926, your Board of Directors authorized the purchase of certain assets of the Great Lakes Transportation Company, Limited, consisting of ten upper lake steamships, one barge, one floating elevator, one large new steamship now under construction, together with grain elevator at Midland, Ont., having a capacity of 4,000,000 bushels, coal storage yard at Midland, Ont., and also the entire capital stock of the Midland Shipbuilding Company, Limited. And on the same date, your Board of Directors also authorized the purchase of the entire capital stock of George Hall Coal and Shipping Corporation which operates 30 Lower Lake steamships.

The acquisition of the above properties will greatly enhance the cargo carrying capacity of your Company's Fleet, will balance the capacity of the Upper and Lower Lake Divisions, and will conduce towards important operating advantages and economies.

W. H. COVERDALE
President.

Montreal, Friday, March 12th, 1926.

CANADA STEAMSHIP LINES LIMITED

To the Stockholders:

YOUR Directors submit the Company's Twelfth Annual Report and Statement of Accounts. Total revenue amounted to \$10,520,699.57, an increase of \$85,584.42 over the previous year.

The net Earnings for the year before interest, bond, discount, depreciation, and taxes were \$2,353,075.57, an increase of \$697,048.36 over the previous year, of which amount \$611,463.94 represents decrease in operating expenses.

The Net Profit for the year after all charges, bond discount, and reserves for depreciation, bad debts, etc., was \$802,841.73; an increase of \$659,022.74 over the previous year; and Net Income after provision for income tax was \$715,841.73, an increase of \$572,022.74 over the previous year.

Through operation of Sinking Funds the Company's Five Per Cent. Debenture Stock and its First Mortgage Collateral Sinking Fund Seven Per Cent. Gold Bonds outstanding in hands of the Public were reduced in amount of \$310,600.

The Company's property has been maintained in sound physical condition, and two new package freighters were constructed during the year and are now ready for service.

The whole respectfully submitted.

W. H. COVERDALE
President.

CANADA STEAMSHIP LINES, LIMITED

CONSOLIDATED

As at Decem

ASSETS

Fixed Assets:

Vessels, Real Estate, Buildings, Docks and Wharves, Plant and Equipment.....	\$32,840,903.31
Less Reserve for Depreciation.....	9,184,657.88
	\$23,656,245.43

Deferred Payments on Property Sold.....	62,435.00
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Current Assets:

Cash in Banks and on Hand.....	\$2,138,731.25	
Accounts Receivable (less Reserve for Doubtful Accounts \$86,328.61).....	990,840.93	
Adjusted Losses due by Underwriters.....	330,808.02	
Insurance and Other Claims—Estimated Amount Recoverable.....	469,794.16	
Interest Receivable Accrued.....	2,147.25	
Inventories of Stores and Supplies (at Cost or Market, whichever is lower).....	1,095,079.22	
		5,027,400.83
Prepaid Expenses.....		205,654.31
Investments (less Reserve \$100,000.00).....		724,256.52
Insurance Investment Fund.....		96,134.19
Funds Deposited with Trustees for Mortgage Bonds and Debenture Stock.....	11,768.24	
Cash in Hands of Trustees for Debenture Holders for Replacement of Assets Lost and Sold.....	206,142.30	
		217,910.54
		\$29,990,036.82
Bond Discount and Expense.....		873,504.29
Leases, Contracts and Goodwill.....	7,000,000.00	
Leases, Contracts and Goodwill—Subsidiary Companies.....	1,035,662.28	
		8,035,662.28

\$38,899,203.39

CERTIFICATE

We have audited the accounts of the Canada Steamship Lines, Limited, and its Subsidiary Companies for the year that the above Consolidated Balance Sheet and relative Profit and Loss and Surplus Accounts are, in our opinion, properly its operations for the year ended at that date, according to the best of our information and the explanations given to us.

Montreal, 24th February, 1926.

ED, AND SUBSIDIARY COMPANIES

BALANCE SHEET

ber 31st, 1925

LIABILITIES

Capital Stock:

125,000 Shares Cumulative Preference 7% Stock of \$100.00 each. . . \$12,500,000.00

120,000 Shares Common Stock of \$100.00 each. 12,000,000.00

\$24,500,000.00

Funded Debt:

First Mortgage Bonds. \$ 4,480.00

Less—Cash Deposited for Redemption. 4,480.00

5% Debenture Stock. 14,922,106.66

Less:—Amount Retired by Operation

of Sinking Fund. \$ 2,838,441.88

Deposited with Trustees as security for issue of 1st Mortgage Collateral Sinking Fund 7% Gold Bonds 7,145,880.00

Held in Treasury. 84,020.00

10,068,341.88

4,853,764.78

Twenty Year 1st Mortgage Collateral Sinking Fund 7% Gold Bonds. . . 6,000,000.00

Less Amount Retired by Operation of Sinking Fund. 895,800.00

5,104,200.00

7% Debenture Notes, due 1926 and 1927. 850,000.00

10,807,964.78

Current Liabilities:

Notes Payable. 193,654.40

Accounts Payable, including provision for Government Taxes. 816,758.48

Accrued Charges. 161,641.07

1,172,053.95

Reserves:

For Freight Claims. 10,000.00

For Insurance Losses. 96,792.48

106,792.48

Surplus. 2,312,392.18

Contingent Liabilities—None.

Note:—Cumulative Preference Dividends in Arrear 3,500,000.00

\$38,899,203.39

Approved on behalf of the Board:

W. H. COVERDALE, *President.*

FRANK J. HUMPHREY, *Director.*

OF AUDITORS

ar ended 31st December, 1925, and have obtained all the information and explanations which we have required. We certify y drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st December, 1925, and of s, and as shown by the books of the Company.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants.

CANADA STEAMSHIP LINES LIMITED
AND SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

For the Year ended 31st December, 1925

Operating Revenue:

Vessels.....	\$10,184,896.36
Docks and Wharves.....	233,700.75
Miscellaneous.....	19,089.34

Other Revenue.....	\$10,437,686.45
	83,013.12

Total Revenue.....	\$10,520,699.57
Expenses.....	8,167,624.00

\$2,353,075.57

From Which Deduct:

Interest on Funded Debt.....	\$ 659,238.13	
Other Interest.....	11,783.05	
Bond Discount and Expense Written Off....	67,289.65	
Reserved for Depreciation.....	737,964.67	
Bad Debts Written Off and Reserved for...	73,958.34	
		<u>1,550,233.84</u>

Net Profit.....	802,841.73
Reserved for Income Tax.....	87,000.00

Net Income for Year	<u>\$ 715,841.73</u>
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SURPLUS ACCOUNT

As at 31st December, 1925

Balance as at 31st December, 1924.....	\$ 1,596,550.45
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Add:

Net Income for Year ended 31st December, 1925 as per Profit and Loss Account.....	715,841.73
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Surplus as per Balance Sheet.....	<u>\$2,312,392.18</u>
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ROUTES AND STEAMERS

Northern Navigation Company Limited Division:

Passenger and Package Freight Service between—Detroit, Windsor, Sarnia, Sault Ste. Marie, Port Arthur, Fort William and Duluth.

"NORONIC," "HAMONIC," and "HURONIC."

Between—Detroit, Wallaceburg and Chatham.

"THOUSAND ISLANDER."

Niagara and Hamilton Division:

Passenger and Package Freight Service between—Toronto and Niagara River Ports, and Toronto, Hamilton and Grimsby.

"CAYUGA," "CORONA," "CHIPPEWA," "TURBINIA," "MODJESKA" and "MACASSA."

Toronto, Rochester, Thousand Island and Rapids Division:

Passenger Service:

"TORONTO," "KINGSTON," "CAPE TRINITY," "RAPIDS KING,"

"RAPIDS PRINCE" and "RAPIDS QUEEN."

Montreal, Quebec and Saguenay Division:

Passenger and Freight Service:

"MONTREAL," "QUEBEC," "RICHELIEU," "SAGUENAY,"

"CAPE ETERNITY," "CAPE DIAMOND," and "THREE RIVERS."

Ferry Service:

Between Montreal and Longueuil. "LOUIS PHILIPPE."

Express Package Freight Service:

Between—Montreal, Kingston, Toronto and Hamilton, and Montreal, Toronto, Hamilton, Fort William and Intermediate Ports.

"KAMLOOPS," "LETHBRIDGE," "CANADIAN," "BEAVERTON,"

"EDMONTON," "KENORA," "GLENELLAH," "MAPLEBRANCH,"

"MAPLEBROOK," "OATLAND," "ARABIAN," "CITY OF MONTREAL,"

"CITY OF HAMILTON," "CITY OF OTTAWA," "CITY OF KINGSTON,"

"CITY OF TORONTO,"—BUILDING—two additional steamships.

Upper Lake Bulk Freight Division:

"W. GRANT MORDEN," "J. H. G. HAGARTY," "WESTMOUNT,"

"EMPEROR," "E. B. OSLER," "MIDLAND PRINCE," "COLLINGWOOD,"

"W. D. MATTHEWS," "MIDLAND KING," "VALCARTIER,"

"MARTIAN," "SARNIAN," "MAPLECOURT,"

"MAPLEDOWN," "GLENMOUNT."

Lower Lake and River Bulk Freight Division:

"WINONA," "MAPLEHEATH," "A. E. MCKINSTRY," "MAPLETON,"

"MAPLEHILL," "VINMOUNT," "THUNDER BAY,"

"HAMILTON," "COLLIER No. 1," "ADVANCE," "CATARACT."

HOTELS

Murray Bay, P.Q.

MANOIR RICHELIEU AND COTTAGES.—Accommodation for 300 guests, Eighteen Hole Golf Course, Salt Water Swimming Pool, Tennis, Riding, Fishing, etc.

Tadoussac, P.Q.

HOTEL TADOUSSAC.—Accommodation for 200 guests, Nine Hole Golf Course, private lakes with fishing camps and guides, Tennis, Swimming, etc.

